

Message Text

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47

ACTION EUR-12

INFO OCT-01 ISO-00 COME-00 EB-07 TRSE-00 OMB-01 CIAE-00

INR-07 NSAE-00 FRB-03 XMB-02 /033 W

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R 131045Z JUN 75

FM AMEMBASSY LUXEMBOURG

TO AMEMBASSY BUCHAREST

INFO SECSTATE WASHDC 4464

LIMITED OFFICIAL USE LUXEMBOURG 0444

E. O. 11652: N/A

TAGS: EFIN, LU, RO

SUBJECT: LISTING OF ROMANIAN NOTES ON LUXEMBOURG
EXCHANGE

REF: BUCHAREST 2335

BANKING SOURCES CONFIRM THAT ROMANIAN FOREIGN TRADE BANK HAS FLOATED \$100 MILLION BOND ISSUE AND THAT BONDS WILL BE LISTED ON THE LUXEMBOURG STOCK EXCHANGE. THE ISSUE, DIVIDED INTO TWO PARTS OF \$60 AND \$40 MILLION WAS PLACED PRIVATELY WITH BANKS OPERATING IN THE EURO-BOND MARKET. KREDIEBANK WHICH USUALLY HANDLES KUWAITI INVESTMENT COMPANY ACTIVITIES IN LUXEMBOURG, TELLS US THAT IT WAS ASKED JUNE 13 TO LIST BONDS ON THE STOCK EXCHANGE. ACCORDING TO KREDIETBANK, BOND ISSUES FOR EASTERN BLOC STATE ENTITIES ARE NORMALLY TAKEN ON FAITH, AND LITTLE DATA OTHER THAN ASSURANCES ON THE STATE OF A COUNTRY'S BALANCE OF PAYMENTS IS OFFERED. THIS SATISFIES BANKERS WHO DO NOT BELIEVE THAT COMECON WOULD ALLOW A STATE BANK TO DEFAULT ON ITS LOAN ISSUE SINCE A DEFAULT WOULD SEVERELY DAMAGE THE CREDITWORTHINESS OF ALL EASTERN BLOC STATE ENTITIES. NEVERTHELESS, STOCK EXCHANGE RULES REQUIRE THAT A PROSPECTUS BE PREPARED AND KREDIETBANK HAS AGREED TO SEND US ANY FINANCIAL INFORMATION GIVEN TO IT FOR PREPARATION OF THE PROSPECTUS. WE WILL FORWARD
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THIS TO BUCHAREST AND THE DEPARTMENT. DETAILS OF THE LOAN

ISSUE ARE \$60 MILLION AT 9.25 PERCENT INTEREST PAYABLE
ANNUALLY IN MARCH WITH MATURITY DATE OF MARCH 1983, AND
\$40 MILLION AT 9.25 PERCENT INTEREST PAYABLE IN MAY WITH
MATURITY DATE OF MAY 1983. ISSUE TO BE PAID OFF IN FIVE
EQUAL INSTALLMENTS COMMENCING IN MARCH AND MAY 1979.
FARKAS

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TAGS: EFIN, LU, RO
To: BUCHAREST
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